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GOVERNOR



STATE OF HAWAII
PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
465 S. KING STREET, #103
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February 24, 2005

Sause Bros., Inc.
c/o National Registered Agents of Hawaii, Inc.
1136 Union Mall, Suite 301
Honolulu, Hawaii 96813-2925

Smith Maritime, Ltd.
c/o Gordon L. Smith
Pier 21, Main Office
Honolulu, Hawaii 96817

Re: Docket No. 05-0002, In the Matter of Public Utilities Commission Instituting a Proceeding to Investigate the Issues and Requirements Raised by, and Contained in, Hawaii Revised Statutes ("HRS") 486H, as Amended.

Dear Sirs:

On January 4, 2005, the commission instituted an investigation to examine the issues and requirements raised by, and contained in, HRS Chapter 486H, as amended. Through this docket, the commission intends to address the issues raised by, and contained in, HRS Chapter 486H and Act 242. These issues and include, but are not limited to:

1. Examining the effect, impact, and appropriateness of the baseline price as defined in HRS § 486H-13(c), as amended, and examining options as to a more appropriate baseline or a more appropriate reporting service, if any.
2. Examining the effect, impact, and appropriateness of the location adjustment factor established by HRS § 486H-13(d), as amended, at \$.04 per gallon, and examining options as to a more appropriate location adjustment factor, if any.
3. Examining the effect, impact, and appropriateness of the marketing margin factor established by HRS § 486H-13(e), as amended, at \$.18 per gallon, and examining options as to a more appropriate marketing margin factor, if any.
4. Examining the effect, impact, and appropriateness of the mid-grade adjustment factor established in HRS § 486H-13(f), as amended, at \$.05 per gallon, examining options as to a more appropriate mid-grade adjustment factor, if any.
5. Examining the effect, impact, and appropriateness of the premium adjustment factor established by HRS § 486H-13(g), as amended, at \$.09 per gallon, and examining options as to a more appropriate premium adjustment factor, if any.

6. Determining the type of documents, data, and information the manufacturers, wholesalers, or jobbers must furnish to the Commission to make a determination on zone price adjustments. HRS § 486H-13(h), as amended.
7. Analyzing zone price adjustments to the maximum pre-tax wholesale regular unleaded, mid-grade, and premium gasoline prices and examining the effect, impact, and appropriateness on a zone by zone basis. HRS § 486H-13(i), as amended.
8. Determining the type of documents, data, and information necessary for the Commission to determine whether the manufacturer, wholesaler, or jobber is complying with any requirement imposed or rule adopted, pursuant to HRS Chapter 486H. HRS § 486H-13 (j), as amended.
9. Identifying any further adjustments necessary to establish a maximum pre-tax wholesale gasoline prices that reflect and correlate with competitive market conditions. HRS § 486H-16(c), as amended.

To facilitate our review in the above-mentioned docket, we request that you respond to our information requests. This request for information is made pursuant to applicable authorities set forth under HRS Chapters 269 and 486H.

1. What rates does the barge company charge industry to move product from Honolulu or Barber's Point to the following terminal points on the neighbor islands:
 - a. Kauai: Nawiliwili and Port Allen
 - b. Maui: Kahului
 - c. Molokai
 - d. Lanai
 - e. Hawaii: Hilo and Kawaihae.
2. Are there other terminal locations where product is transported and not requested? If so, please indicate the location and the rate.
3. Are Molokai and Lanai normally supplied directly from Oahu, or is product moved from Kahului (or elsewhere) into Molokai and Lanai? If so, what are the rates charged?
4. Are there other Oil transport companies operating in Hawaii moving petroleum than Sause Brothers and Smith Maritime?
5. Does your equipment incur delays at specific terminal areas which result in demurrage charges? If so, what is your estimate of "normal" demurrage costs for each terminal site? (Please include information on Oahu demurrage experience).

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6. Are there any port or dock fees that are incurred at each of the island ports, including Oahu?
7. How often are rates updated? What has been the approximate annual increase in rates from 1999-2005?

Given the procedural schedule in this case, your responses are requested by close of business (or 4:30 p.m.) on **Thursday, March 10, 2005**.

If you have any questions or concerns relating to this request, please contact Kevin Katsura at (808) 586-2019. Thank you for your assistance in this matter.

Sincerely,



Kevin M. Katsura
Commission Counsel

KMK:eh

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